



Kwame M. Kilpatrick, Mayor • City of Detroit, Michigan

Balancing The City of Detroit's Budget ...One Year At A Time

Since 2002, Mayor Kilpatrick has worked aggressively to structurally balance the City of Detroit budget by bringing costs in line with revenues:

- **Eliminated 5,508 positions, representing 25% of the General Fund's Work Force. Including 150 police officers and 61 fire fighters**
- Implemented 10% salary cut and days of without pay (DOWOP) for non-union employees and appointees
- Many of the cuts in FY 2006 are structural and will have significantly more annualized benefits for FY 2007 and future years, thus, positioning Detroit for growth-the NEXT Detroit
- Issuance of 2005 POCs saves over \$20 million per year

Despite the tough cuts that Mayor Kilpatrick has made since 2002, the Mayor remained committed to improving service delivery to Detroit citizens. Mayor Kilpatrick defined and prioritized core services and developed an internal Core Service team to focus on the services that impacted citizens most.

- Redefined Core Services — trash collection, recreation, public safety (police and fire), transportation, grass cutting.
- The Mayor has strengthened his management team to improve accountability and leadership.
- City's financial operations will be structurally balanced in FY 2007
- The City is gaining traction from its successful economic development programs, which are critical to the City's future growth and financial stability

In the wake of escalating costs, i.e., healthcare, and a weak national and state economy, Mayor Kilpatrick has steadily and strategically managed General Fund expenditures by eliminating or reducing over \$44 million in subsidies/support to the following:

- Detroit Zoological Society — operating agreement with Society saving \$5 Million
- Detroit Historical Museum — operating agreement with Society saving \$5 Million
- Municipal Parking System — eliminated shortfall due to loss of hockey season \$9.5 Million
- Airport — Management Agreement to operate facility saving \$2 Million
- Bulk Trash Service — \$20 Million
- Eliminated general assigned vehicle fleet (225 vehicles) and cell phones (total \$2 million)



- Reduced professional and contractual services citywide by 23.7% or \$22 million
- Reduced travel budget (\$.5 million)

The Mayor, since 2002, has worked aggressively to enhance revenues to fund critical core services by:

- Increasing user fees — \$4 Million
- Improving property tax collection efforts (close to 90%) by transferring delinquent property taxes to the Wayne County Treasurer.

Mayor Kilpatrick's fiscal year 2006-07 recommended budget is consistent with his efforts to right-size government and lower costs while improving core city service delivery and changing the way that we do business in Detroit city government.

- Health care reductions through plan design and contribution changes, administrative and rate cost reductions will result in a \$58 million savings.
- Implement Solid Waste Fee for garbage pick up. Currently homeowners pay 3 mills to offset refuse costs, which covers \$28 million of the \$102.8 million cost for solid waste collection. The Solid Waste Fee would contribute \$71 million to the General Fund, although the fee would not fully cover the costs for the providing the service, it is a significant reduction and an attempt better manage costs for service. Homeowners will pay \$75 quarterly and commercial customers will pay a fee based on service provided. The 3 mill reduction will reduce property taxes for citizens. Hardship and Senior Discount programs are in place.
- Refinancing Pension Obligation Certificates due to an amortization change will save an additional \$20 Million
- Adding staff in Treasurer Office to improve accounts receivable collections
- Proposing a 75 cents fare for disabled riders on DOT will generate \$2.7 Million
- There are 787 fewer positions than the 2005-2006 Budget.
- Establishment of General Services Department — This department will allow operating departments to focus on core operations and services. The functions are building operations, fleet and facilities management, and storerooms. Central management will gain efficiencies in contractual and staff effort and design planning and tracking systems for all overhead operations, especially those associated with major field operations.
- Recreation Department — Partnership with two (2) recreation centers. Tindal and Brewer. One (1) closed due to physical condition while a new recreation center is completed.
- Switching to Defined Contribution Plan for appointee and non-union new hires. The first step in reducing our pension costs.
- Consolidation of Environmental Inspectors to enforce environmental codes, improves collection of fees, and assist in collection of vacant lot and commercial pickup.

